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## **China, Peoples Republic of**

### **Market Development Reports**

# **Something Fishy in Shanghai: SARS' Impact on Aquatic Food Sales 2003**

Approved by:

**Scott S. Sindelar**

**U.S. Consulate General, Shanghai**

Prepared by:

Christina Wu, Xu Min

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#### **Report Highlights:**

**While the intensity of SARS has subsided in recent weeks, sales figures over the the past two months indicate the disease's short-term negative impact on the aquatic industry. Depending largely on shipments southern China - where the disease allegedly originated - the aquatic industry witnessed severe declines in sales around Shanghai.**

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Includes PSD changes: No  
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Shanghai ATO [CH2], CH

While the intensity of severe acute respiratory syndrome (SARS) has subsided in recent weeks, sales figures over the past two months indicate the disease's short-term negative impact on food industry sales. In particular, the aquatic industry, which depends largely on shipments from southern China - where the disease allegedly originated - witnessed severe declines in sales in Shanghai.

### **Drop in business at wholesale markets**

The impact of SARS on aquatic food sales in Shanghai became conspicuous on April 20, when the Shanghai Fisheries Association published preliminary figures announcing a 30% drop over the same period one year ago. Suppliers, processors and importers of medium and high grades of aquatic food as well as chilled and frozen products appear to have suffered the most, with sales declining by 50%. Particularly, sales of those products intended for hotels and restaurants in and surrounding the city experienced the greatest loss. According to a survey at major aquatic food wholesales markets around the city, dozens of wholesalers shut down business, and many export orders were canceled.

### **Transportation slowdown**

Three main fishery ports in Shanghai received only six ships total per day from Zhejiang and Jiangsu provinces, compared to the usual 10-15 ships during the current government mandated limited-fishing season. Sales at the ports hovered at only around 10% of the normal in the first two weeks of May. Ground transportation also slowed tremendously, owing to fears of repeated on-road quarantine checks and plummeting prices of delivered goods. Cold storage volume reached a low of 50% of last year's levels.

### **Plummeting prices**

It is estimated that from April 20 to May 10, Shanghai Central Wholesales Market for Aquatic Products registered losses of RMB3,600,000 (US\$ 435,572) in sales revenues. Huxi Wholesale Market for Aquatic Products lost RMB40,000,000 (US\$ 4,839,685) in sales revenues. Because of depressed sales, prices at wholesales markets were reduced by 40%. For example, the price of Australian prawns dropped from RMB260 (\$31) per kg to RMB140-160 (\$17-19). Crabs sold at RMB70 (\$8.50)/kg, down from RMB110-120 (\$13-15)/kg. Shrimp prices were an average of RMB20 (\$2.40) cheaper per kg at year on year prices. Quantity of sales also dropped dramatically. For instance, daily sales of perch and turtle at one booth dropped from 1,500 kgs to 200 kgs.

Sales of medium-low grade aquatic products were less affected by fears of SARS. Sales of products intended for home consumption at five major wholesale markets hovered around 100 metric tons daily. Sales remained stable before, during and after the May holidays.

### **Buy from "non-contaminated, virus-free regions"**

Heeding rumors that SARS might come from animals, local consumers avoided not only aquatic products but also meat products. Consumption of meat products including aquatic food plummeted by 30% altogether since reports surfaced of a national outbreak of SARS. Industry associations mobilized to avoid debilitating sales figures by advertising the nutritional benefits of seafood to local consumers. Ad campaigns aimed to convince consumers that seafood's nutritional value may even boost immunity to the virus.

In Shanghai, the best-selling imported seafood products at supermarkets and wet markets this season included ribbon fish, croaker fish and squid from Southern Asia and the Middle East. Although the taste and texture of those imported low-grade products are inferior to their locally caught counterparts, the appeal of food products from so-called non-contaminated, virus-free regions won over many Shanghai consumers. The idea of buying such products has caught on with not only individual home-use consumers but also retail buyers and restaurant patrons.

### **Fears are diminishing, sales are resuming**

Over the past few weeks, as the number of reported SARS cases on the mainland has dwindled dramatically, consumer fears have also decreased. Shanghai residents have been less afraid to patronize restaurants and also take advantage of the season's seafood products for sale. The reported losses to the aquatic industry reported above seem to be coming to an end, and ATO will report on the post-SARS impact on sales when the data become available.